

TOWN OF DOUGLAS

Michael D. Hughes, *Chairman*
Kevin D. Morse, *Vice Chairman*
Timothy P. Bonin
David P. Cortese
Harold R. Davis

OFFICE OF THE SELECTMEN
29 Depot Street • Douglas, MA 01516
508-476-4000
Fax: 508-476-1070
TTY 508-476-1619

Michael J. Guzinski
Town Administrator

Suzanne L. Kane
Administrative Assistant

March 28, 2016

Dear Employee:

The Town of Douglas will be changing the health insurance provider to Harvard Pilgrim effective July 1, 2016. All full time employees are required to attend one of the meetings listed below to learn about the new health plans. Employees may choose to attend any one of the following meetings. A sign in sheet will be available at each location.

The presentations will be held by Harvard Pilgrim on the following dates, times, and locations:

April 4th

2:00 p.m.	High School Cafeteria	33 Davis Street
2:00 p.m.	Middle School Library	21 Davis Street
3:00 p.m.	Elementary School Cafeteria	19 Davis Street

April 5th

7:30 a.m.	Fire Station Meeting Room	64 Main Street
11:00 a.m.	Municipal Center Resource Room	29 Depot Street
2:30 p.m.	Municipal Center Resource Room	29 Depot Street

April 11th

2:00 p.m.	Municipal Center Resource Room	29 Depot Street
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If you are a retiree under the age of 65, or a retiree who is not eligible for Medicare, this health insurance change affects you, and you are required to attend one of these meetings. Currently, no changes are being made to the retirees who are enrolled in Medicare and a Medicare Supplement plan.

In addition, our Annual Benefits Fair will be held on Wednesday, May 11, 2016 from 12:00 p.m. to 4 p.m. in the Gymnasium of the Douglas Municipal Center. Our various insurance providers will be at the Benefits Fair to answer your questions and assist you if you choose to enrollment in a plan.

Also, as part of the Town's ongoing efforts to ensure our benefit plans meet regulatory requirements, and to help manage to costs of our plans, the Town will be conducting a review to ensure that only eligible dependents are enrolled in our medical and dental plans. Please refer to the attached informational sheet with the list of documents required.

All employees who currently have or wish to enroll in health coverage will need to fill out an enrollment application. All applications and dependent documentation are due to the Treasurer's Office no later than Thursday, May 25th, at 4:00 p.m.

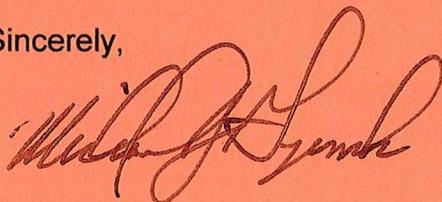
New identification cards will be mailed to you at the address provided to us on your enrollment form and should reach you prior to July 1st. Please do not use your new Harvard Pilgrim Health Insurance Card for services prior to July 1, 2016.

For your reference, I have attached the Fiscal 2017 Harvard Pilgrim Insurance rates, as well as information related to the Voluntary Health Insurance Opt-Out Program. If you have any questions, please contact the Treasurer's Office at 508-476-4000 Ext 356.

We've also attached a copy of the approved MOU's regarding this health insurance change.

I would like to thank the members of the Employee Insurance Advisory Committee, as well as all other employees that have been involved in this important process.

Sincerely,



Michael Guzinski
Town Administrator



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Documentation Required for Eligible Dependents

Dear Employees:

As part of the Town's ongoing efforts to ensure our benefit plans meet regulatory requirements and to help manage the cost of our plans for the Town, we will be conducting a review to verify that only eligible dependents are enrolled in our medical and dental plans.

If you plan on enrolling dependents on any of the benefits offered by the Town, all employees will be required to provide proof of dependent eligibility. The eligibility guidelines for the Town of Douglas employee benefit plans are as follows:

Eligible Employee is defined as working 20 or more hours per week.

Eligible Dependents are defined as:

- Spouse – defined as your legally married Husband or Wife
- Dependent – defined as your child up to age 26, regardless of student status. This also includes your stepchild, legally adopted child, foster child, legal guardianship or a child placed with you for the purpose of Adoption.
- Disabled dependents over the age of 26, including eligible children of your spouse.

Please note that legally separated or divorced spouses are NOT eligible for coverage (without a court order).

Accepted documentation include:

- Marriage Certificate or Divorce Decree (*stating employee is required to provide insurance to ex-spouse*)
- Birth Certificate for all dependents enrolled
- Certificate of Adoption/Birth Certificate
- Signed Court order for legal guardianship/QMCSO

Please note that for unmarried disabled children age 26 or over, in addition to the birth certificate, we will also need a copy of your 2015 federal tax return claiming the child as your dependent (front page only).

In order to confirm eligibility and to keep your dependents enrolled in your plans, you MUST provide the required documentation upon enrollment. Failure to respond will result in termination of plan coverage for your dependents effective July 1, 2016.

All personal information will be kept confidential. Please note that on any document you provide, you may cross out all financial information and the first five digits of your Social Security Number.

This process is necessary in order for us to manage our plan expenses so that we can continue to provide health care at a reasonable cost. Thank you for your assistance in this important matter.

Sincerely,

A handwritten signature in cursive script, appearing to read "Michael Guzinski".

Michael Guzinski
Town Administrator

Town of Douglas
Medical and Dental Monthly Rates
RATES EFFECTIVE JULY 1, 2016 THRU JUNE 30, 2017

HARVARD PILGRIM, HMO - HIGH DEDUCTIBLE

	HMO - Blue NE FY 2016	HP-HD-HMO FY 2017	% change
Individual	\$578.26	\$546.90	-5.4%
Family	\$1,532.34	\$1,449.22	-5.4%

	Town Share	Employee Share
Individual	\$437.52	\$109.38
Family	\$1,159.38	\$289.84
Retired-Individual	\$273.45	\$273.45
Retired-Family	\$724.61	\$724.61

HARVARD PILGRIM, PPO - HIGH DEDUCTIBLE

	Blue Care Elect FY 2016	HP-HD-PPO FY 2017	% change
Individual	\$605.70	\$588.64	-2.8%
Family	\$1,605.12	\$1,559.86	-2.8%

	Town Share	Employee Share
Individual	\$470.90	\$117.74
Family	\$1,247.90	\$311.96
Retired-Individual	\$294.32	\$294.32
Retired-Family	\$779.93	\$779.93

Dental Plans are voluntary. There is no contribution from the Town.

Altus Dental - Low Option	FY 2016	FY 2017	% change
Family	\$98.58	\$96.60	-2.0%
Individual	\$35.86	\$35.14	-2.0%

Altus Dental - High Option			% change
Family	\$148.90	\$145.92	-2.0%
Individual	\$53.08	\$52.02	-2.0%

RETIREE PLANS OFFERED

<u>Effective 01/01/2016</u>	<u>Town Share</u>	<u>Retiree Share</u>
Medex II With Part D Prescription Plan called Blue Medicare RX	\$168.53	\$168.53
Managed Blue for Seniors with Part D Prescription Drug Plan called Blue Medicare RX	\$151.39	\$151.39

OTHER IMPORTANT CONTACT INFORMATION

Disability & Life are voluntary. There is no contribution from the Town.

Colonial Life

Contact: Mr. Scott Curtis
colonialsjc@aol.com

1-978-456-7717
1-800-833-3429

MetLife Resources & Texas Life

Contact: Kevin Daley
kdaly@baystatefinancial.com

774-232-0444

Mutual of Omaha

Contact: Mark Noe
mark.noe@mutualofomaha.com

617-471-0596

Boston Mutual

Contact: Andrew P Mclean
andrew.mclean@bostonmutual.com

1-800-669-2668 X 505

Town of Douglas

Medical Plan Analysis

Rates Effective July 1, 2016

Benefits	HIGH DEDUCTIBLE / H.S.A. OPTION Harvard Pilgrim HMO		HIGH DEDUCTIBLE / H.S.A. OPTION Harvard Pilgrim PPO	
			<i>In-Network</i>	<i>Out-of-Network</i>
Cost Sharing				
Plan OR Calendar Year Benefits	Plan Year		Plan Year	Plan Year
Deductible Individual/Family	\$2,000 / \$4,000		\$2,000 / \$4,000	\$2,000 / \$4,000
Coinsurance	None		None	20%
Out-of-Pocket Max Individual/Family	\$4,000 / \$8000		\$4,000 / \$8,000	\$4,000 / \$8,000
Annual Maximum Benefit	Unlimited		Unlimited	Unlimited
Professional Services				
Preventive Care	Covered in full		Covered in full	Deductible and Coinsurance
Office Visit - Primary Care/Specialist	Covered in Full after Deductible Covered in Full after Deductible (20 visits per year)		Covered in Full after Deductible Covered in Full after Deductible (20 visits per year)	Deductible and Coinsurance Deductible and Coinsurance (20 visits per year)
Chiropractic	Covered in Full after Deductible		Covered in Full after Deductible	Deductible and Coinsurance
Laboratory	Covered in Full after Deductible		Covered in Full after Deductible	Deductible and Coinsurance
X-Rays	Covered in Full after Deductible		Covered in Full after Deductible	Deductible and Coinsurance
Rehabilitative Services (physical, speech, and occupational therapy)	Covered in Full after Deductible		Covered in Full after Deductible	Deductible and Coinsurance
Hospital Services				
Inpatient Hospital	Covered in Full after Deductible		Covered in Full after Deductible	Deductible and Coinsurance
MRI/Pet/CT Scans	Covered in Full after Deductible		Covered in Full after Deductible	Deductible and Coinsurance
Outpatient Surgery	Covered in Full after Deductible		Covered in Full after Deductible	Deductible and Coinsurance
Emergency Services				
Emergency Room	Covered in Full after Deductible		Covered in Full after Deductible	
Ambulance	Covered in Full after Deductible		Covered in Full after Deductible	Covered in Full after Deductible
Prescription Drugs				
Deductible Individual/Family	Yes; included with medical deductible		Yes, included with medical deductible	
Retail Copays	\$10 / \$25 / \$40		\$10 / \$25 / \$50	
Mail-Order Copays	\$20 / \$50 / \$120		\$20 / \$50 / \$110	
Monthly Rates	HDHP / HMO		HDHP / PPO	
Employee Only	47	\$546.90	11	\$588.65
Family	118	\$1,449.23	17	\$1,559.86

TOWN OF DOUGLAS

**VOLUNTARY WAIVER OF HEALTH INSURANCE
For Enrollment in Health Insurance Opt-Out Program**

In return for the agreement to waive Town group health insurance coverage, the Town agrees to pay an eligible employee one of the following amounts:

(1) \$1,500 per fiscal year for waiving individual health insurance plan coverage

or

(2) \$3,000 per fiscal year for waiving family health insurance plan coverage

The Town will process the above payment in semi-annual installments (\$750 for an employee waiving individual health insurance or \$1,500 for an employee waiving family health insurance) on or about the last pay period in December and June. The semi-annual opt-out payments will be subject to Federal, State, and Medicare taxes.

To be eligible an employee must not have an outstanding court order or agreement requiring the employee to provide health insurance coverage for the employee's spouse, ex-spouse, or dependent children, if any.

To be eligible, an employee must have been enrolled in the Town's Group Health Insurance Plan for a period of at least 12 months immediately prior to applying for the Health Insurance Opt-Out Program. An employee must completely remove themselves as either a subscriber or dependent on the Town's health plan at the time of enrollment in the Health Insurance Opt-Out Program. A Town employee is not eligible for the opt-out payment where the employee opts-out of their individual health plan, and becomes a dependent on their spouse's plan, when their spouse is also a subscriber on the Town's plan.

If an employee is eligible and elects to opt-out of the Town's Group Health Insurance Plan, the Town is not responsible for medical coverage effective on July 1, 2016 (except for medical coverage for injuries and illnesses covered by G.L. c. 41, Sec. 111F or G.L. c. 152) and for each fiscal year thereafter that the employee voluntarily agrees to waive health insurance coverage through the Town.

An employee who wishes to enroll in the opt-out program must return the signed acknowledgement form as well as proof of other health insurance to the Treasurer/Collector's Office by 4:00 pm on Thursday, May 25th, 2016. The Acknowledgement form must be re-submitted on an annual basis. The employee must also provide proof of private health insurance coverage which meets the requirements of MassHealth and the Patient Protection and Affordable Care Act to avoid any penalties to the Town.

An employee is only eligible to re-enroll in the Town's group health insurance plan during the Annual Open Enrollment Period or due to a loss of coverage from a source other than the Town, i.e. a qualifying event under COBRA –

(1) the death of a covered employee; (2) the termination (other than by reason of the employee's gross misconduct), or a reduction of hours, of a covered employee's employment; (3) the divorce or legal separation of a covered employee from the employee's spouse; (4) a covered employee becoming entitled to Medicare benefits under Title XVIII of the Social Security Act; or (5) a dependent child ceasing to be a dependent child of the covered employee under the generally applicable requirements of the plan and a loss of coverage occurs.

To re-enroll in the Town's Group Health Insurance Plan, the employee must complete the required paperwork during the Open Enrollment Period or, for a loss of coverage, notify the Treasurer/Collector's Office and complete the re-enrollment process within thirty (30) days of the date of loss of coverage.

If an employee does re-enroll in the Town's group health insurance, or the employee's employment with the Town ends (termination, resignation, retirement, reduction of hours, layoff, or death) during the fiscal year, the employee will only be eligible for a pro-rated payment.

Each employee agreeing to opt-out of the Town's Group Health Insurance Plan must acknowledge that they have read and agree to comply with the terms and conditions of the Town's Opt-Out Program on the attached Acknowledgement Form, a copy of which along with any supporting documentation will be placed in the employee's personnel file.

The Town reserves the right to alter or eliminate this program at the conclusion of any fiscal year.

ACKNOWLEDGEMENT

I, _____, hereby acknowledge that I have read and understand the terms of the Town's Health Insurance Opt-Out Program, that I have had the opportunity to ask questions of the Town regarding the Opt-Out Program and inquire of attorneys of my own choosing, and that I am agreeing to waive my right to health insurance coverage through the Town effective July 1, 2016.

Employee Name

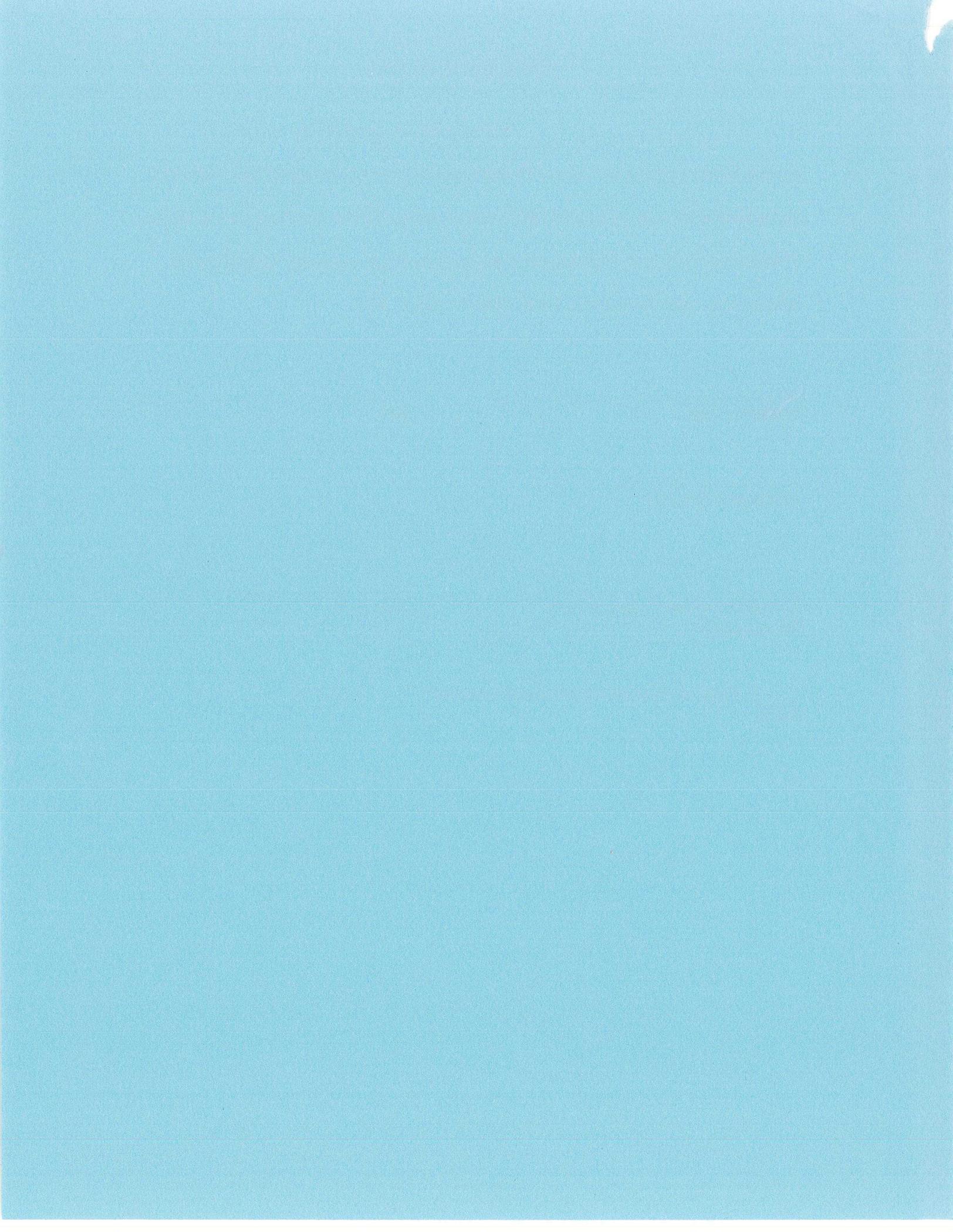
Date

Employee Signature

Treasurer/Collector's Department
Representative

Date

Initial Proof of other Health Insurance Attached



MEMORANDUM OF AGREEMENT (“AGREEMENT”)

BY AND BETWEEN

THE TOWN OF DOUGLAS (“TOWN”)

AND

THE DOUGLAS TEACHERS ASSOCIATION; THE DOUGLAS POLICE OFFICERS ASSOCIATION, MASSCOP, LOCAL 150; DOUGLAS FIREFIGHTERS UNION; TEAMSTERS, LOCAL 170 (CUSTODIANS); TEAMSTERS, LOCAL 170 (CAFETERIA)

WHEREAS, on or about April 4, 2013, the Town of Douglas (“Town”) and the Douglas Teachers Association (“DTA”), the Douglas Police Officers Association, MassCOP, Local 150 (“Local 150”), and Teamsters Union, Local 170 (“Local 170”) (on behalf of the Douglas Firefighters, Custodians, and Cafeteria employees) (collectively, “the Unions”) executed a Memorandum of Agreement (“MOA”) concerning the health plans being offered by the Town in Fiscal Year 2014; and

WHEREAS, Paragraph 6 of the MOA provided that the agreement would have a term of three years and would be effective through and including June 30, 2016; and

WHEREAS, Paragraph 6 further provided that on or after January 1, 2016, the Town and the Unions would reconvene to discuss the Town’s then-existing health plans following the Town’s receipt of its health insurance plan renewal rates for Fiscal Year 2017; and

WHEREAS, the Town has received its renewal rates for Fiscal Year 2017 and said renewal rates are estimated to be an increase of 16.5% from the plan costs in Fiscal Year 2016; and

WHEREAS, the Town met with representatives of the bargaining units on the Insurance Advisory Committee to discuss the plans being offered for the upcoming Fiscal Year 2017; and

WHEREAS, at these meetings the Town presented those in attendance with possible changes to the Town's health plan offerings to avoid such an increase;

NOW THEREFORE, the Town and the Unions agree as follows:

1. Health Insurance Plan and Plan Design. Effective July 1, 2016, the Town's health plan and health plan design/cost-sharing shall be as set forth in the attached Exhibit "A", which attached hereto and incorporated by reference.
2. Mitigation. The Town shall offer subscribers to the Town's health plans a Health Savings Account ("HSA") for each year of this Agreement in exchange for accepting the changes to the Town's health plans that are set out in Exhibit "A", as set forth in this paragraph.

Active employees who enroll in the Town's health plan who are not Medicare subscribers shall receive a 50% reimbursement of the deductible applicable to the plan in which they subscribe, to be deposited into the subscriber's HSA. The reimbursement shall be deposited into the subscriber's HSA quarterly, in the payroll period following July 1, October 1, January 1, and April 1, of each Fiscal Year (2017-2019) of this Agreement. As such, family plan subscribers shall receive an annual HSA deposit of \$2,000 whereas individual plan subscribers shall receive a deposit of \$1,000. If a member switches from an individual plan to a family plan, or vice versa, at open enrollment or upon the occurrence of a qualifying event, they shall be eligible for the deposit amount that is applicable to the plan in which they enroll.

Active employees who enroll in the Town's health plan and are enrolled in Medicare are not eligible for the HSA set out above. They will, however, receive an annual stipend, paid out contemporaneously with the HSA, in the same amount as HSA, depending upon which plan (individual or family) they are enrolled in during that Fiscal Year. The stipend shall be processed through payroll and is subject to applicable taxes and deductions.

Subscribers to the Town's health plans may also deduct, on a pre-tax basis, wages due to them for purposes of depositing said wages in their respective HSA account up to the amounts allowable by law. Subscribers may authorize payroll deductions for this purpose starting in the payroll period following July 1 of each Fiscal Year of this agreement.

Subscribers to the Town's health plans are prohibited from maintaining both an HSA and their existing Flexible Spending Account ("FSA") under the new plan design effective July 1, 2016, pursuant to IRS Regulations. As the HSA for Fiscal Year 2017 begins on July 1, 2016, the FSA for subscribers to the Town's health plans shall cease thereon. Employees who are not subscribers in the Town's health plans will continue to be eligible to participate in both the FSA and Dependent Care Account ("DCA") offered by the Town. The Town's FSA/DCA program, however, shall be set on a Fiscal Year basis as of July 1, 2016. As such, all current participants in the FSA/DCA program that expires on August 31, 2016, must expend their existing balance on or before June 30, 2016. Existing non-subscribers eligibility for the FSA shall cease if the individual enrolls in the Town's health plan either during open enrollment or as the result of a qualifying event.

3. Open Enrollment. Open enrollment shall begin on April 25, 2016 and end on May 25, 2016. Notices regarding open enrollment shall include the terms of the new health insurance plan, employee premium rates for FY 2017, new plan design, and the health savings account arrangement. Subscribers shall be provided written notice of the change in provider, plan design, and health savings account arrangement with their paychecks. The Town shall schedule a minimum of three (3) informational meetings with representatives from Harvard Pilgrim concerning the new plans to be held at different times and locations in April 2016 so as to accommodate the various schedules of subscribers. The Town shall provide reasonable notice of the dates and times of these meetings. Any member of the bargaining units that are signatories to this agreement who intend to subscribe to the Town's health plan shall be required to attend at least one (1) of these meetings.

At the time of enrollment an enrollee in one of the Town's offered plans is required to bring dependent information (birth certificate, marriage certificate, adoption certification, guardianship certification, and/or divorce decree/agreement) to verify eligibility of dependent to be a plan participant. Members of the bargaining units who are signatories to this agreement who do not enroll in the Town's health plans during open enrollment for FY 2017, FY 2018, and/or FY 2019, shall execute a document acknowledging that they are a subscriber or dependent to another health plan and are waiving entitlement to coverage under the Town's health plans at the time of open enrollment. In the event the employee subsequently has a qualifying event whereupon they would be eligible to participate in the Town's health plans, the employee shall go to the Office of the Treasurer/Collector for enrollment information.

4. Ratification. This Agreement shall only be effective if all of the collective bargaining units; both school-side and Town-side, approve of the health insurance plan and plan design as set forth in Exhibit "A". Execution of this Agreement by the applicable representative of the collective bargaining units below shall be prima facie evidence of approval and acceptance of this Agreement by that respective bargaining unit.

5. Governing Law. This Agreement shall be governed and construed in accordance with the laws of the Commonwealth of Massachusetts. The substantial breach of any terms of this agreement by any party shall be subject to an action in Superior Court.

6. Binding Effects. This Agreement is binding on all subscribers and their representatives. Each signatory to this Agreement is authorized to bind the entity he/she represents.

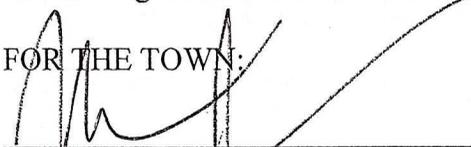
7. Duration. This Agreement shall become effective on July 1, 2016, and shall be effective by its own terms through and including June 30, 2019. On or about January 1, 2019, or reasonably soon after the date on which the Town receives its health insurance renewal rates for FY 2020, the parties shall reconvene to discuss the then-existing health plans offered by the Town and to discuss continuation of this Agreement. Notwithstanding the terms and conditions of this Agreement, the Town may still exercise its right to solicit bids for health insurance during the term of this Agreement for FY 2018 and FY 2019.

8. Moratorium. The Town shall not seek to make changes to the health plan design, or health savings account effective July 1, 2016, for the duration of this

Agreement (i.e. July 1, 2016 – June 30, 2019) by exercising its rights under G.L. c. 32B, §§ 21-23.

9. Entire Agreement. This Agreement constitutes the entire agreement between the parties pertaining to this subject matter. No other agreements, either written or oral, will be considered to exist or bind any of the parties with respect to the Town's health plan, plan design, or health savings account. No representative of any party to this Agreement had, or has, any authority to make any representation or promise not contained in this Agreement, and each of the parties to this Agreement acknowledge that such party has not executed this Agreement in reliance upon any such representation or promise. This Agreement cannot be modified, except by a written instrument signed by all parties to this Agreement. The parties acknowledge that they have thoroughly read this Agreement, that they understand its contents and covenants, and they are entering into this Agreement of their own free will.

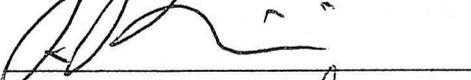
FOR THE TOWN:



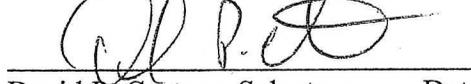
Michael D. Hughes, Chairman Date



Kevin D. Morse, Vice Chair Date



Timothy P. Bonin, Selectmen Date



David P. Cortese, Selectmen Date



Harold R. Davis, Selectmen Date